

AR35

# 1974 ANNUAL REPORT

*Lawrence*

AR35



**Broadcasting Ltd.**



## President's Report

I am pleased to report a most successful year for your Company. Net profit after taxes totalled \$200,251 compared to \$87,326 the previous year, an increase of 129.3%. Total Sales increased by 9.6% to \$2,593,308.

CHQM-AM and CHQM-FM, your Vancouver Radio Stations, experienced increases in listenership in each successive BBM Rating during the year, and Sales and Profits reflect a favourable upward movement from the previous year.

Your Television Station, CKPG-TV, Prince George, grew substantially during the period showing increased revenues and profits.

Radio Station CKPG, Prince George, enhanced its position in the third British Columbia market and continues to reflect improved results.

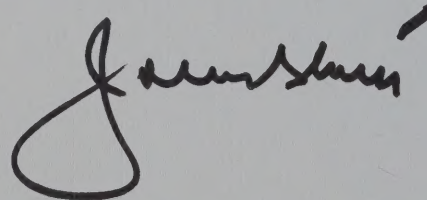
On October 2nd, 1974 Radio Station CKMK, your new AM Broadcasting Station in Mackenzie, British Columbia, officially commenced broadcasting. Mackenzie is an extremely fast-growing centre some 120 miles north of Prince George. The audience reaction to CKMK has been outstanding.

Q Music, the province's largest background music service, has experienced a most satisfactory year and grows with the expansion of the economy of British Columbia.

I wish to take this opportunity to congratulate and thank the various Division Heads of Q Broadcasting Ltd. for their excellent work and cooperation during the year, namely:

Maurice L. Foisy	— Vice-President, Programming (Vancouver)
Noel L. Hullah	— Vice-President, Sales (Vancouver)
Gordon M. Leighton	— General Manager, CKPG-TV, Prince George CKPG-Radio, Prince George CKMK-Radio, Mackenzie
Bruno L. Fulde	— General Manager, Q Music Division

May I also thank all of our employees for their endeavours on our behalf during the past year.



JOHN E. STARK, President and Chief Executive Officer

### Consolidated Statement of Retained Earnings

Year ended August 31, 1974 (with comparative figures for 1973)

	1974	1973
Retained earnings at beginning of year . . . . .	\$1,041,081	\$1,038,875
Add net income for the year . . . . .	<u>200,251</u>	<u>87,326</u>
	<u>1,241,332</u>	<u>1,126,201</u>
Deduct dividends on		
Class A shares . . . . .	84,920	84,920
Common shares . . . . .	<u>200</u>	<u>200</u>
	<u>85,120</u>	<u>85,120</u>
RETAINED EARNINGS AT END OF YEAR . . . . .	<u>\$1,156,212</u>	<u>\$1,041,081</u>

### Consolidated Statement of Income

Year ended August 31, 1974 (with comparative figures for 1973)

	1974	1973
Gross revenue . . . . . ✓	\$2,593,308	\$2,366,119
General, selling and administrative expenses . . . . .	842,599	767,503
Operating expenses . . . . .	<u>1,268,548</u>	<u>1,276,083</u>
	<u>2,111,147</u>	<u>2,043,586</u>
Income from operations . . . . .	482,161	322,533
Add		
Interest earned . . . . .	43,721	22,209
Gain on sale of fixed assets . . . . .	<u>1,120</u>	<u>7,953</u>
	<u>527,002</u>	<u>352,695</u>
Deduct depreciation and amortization (note 1) . . . . .	<u>160,472</u>	<u>157,395</u>
Income before income taxes . . . . .	366,530	195,300
Income taxes . . . . .	<u>166,279</u>	<u>107,974</u>
NET INCOME FOR THE YEAR . . . . . ✓	<u>\$ 200,251</u>	<u>\$ 87,326</u>
EARNINGS PER SHARE . . . . . ✓	<u>\$ .47</u>	<u>\$ .21</u>



**Consolidated Balance Sheet**  
(with comparative figures)

	1974	1973
<b>Assets</b>		
<b>CURRENT ASSETS</b>		
Cash and deposit receipts . . . . .	\$ 683,202	\$ 497,025
Accounts receivable . . . . .	454,840	371,508
Income taxes receivable . . . . .	—	4,429
Prepaid expenses . . . . .	42,480	30,991
	<u>1,180,522</u>	<u>903,953</u>
<b>OTHER ASSETS</b>		
Life insurance, cash surrender value . . . . .	8,450	8,097
Investment, at cost . . . . .	1,000	—
	<u>9,450</u>	<u>8,097</u>
<b>FIXED ASSETS, at cost</b>		
Buildings . . . . .	312,986	291,410
Equipment . . . . .	1,594,518	1,444,785
Leasehold improvements . . . . .	72,871	71,917
	<u>1,980,375</u>	<u>1,808,112</u>
Less accumulated depreciation and amortization (note 1) . . . . .	1,338,918	1,190,495
	<u>641,457</u>	<u>617,617</u>
Land . . . . .	99,925	99,925
	<u>741,382</u>	<u>717,542</u>
<b>EXCESS OF COST OVER BOOK VALUE AT DATE OF ACQUIRING SHARES OF SUBSIDIARIES . . . . .</b>	<u>591,142</u>	<u>591,142</u>
	<u><b>\$2,522,496</b></u>	<u><b>\$2,220,734</b></u>

# Sheet at August 31, 1974

es at August 31, 1973)

## Liabilities

	1974	1973
CURRENT LIABILITIES		
Accounts payable and accrued liabilities . . . . .	\$ 316,340	\$ 239,327
Unearned income . . . . .	14,216	11,448
Income taxes payable . . . . .	<u>129,712</u>	<u>—</u>
	<u>460,268</u>	<u>250,775</u>
DEFERRED INCOME TAXES (note 1) . . . . .	<u>38,816</u>	<u>61,678</u>

## Shareholders' Equity

CAPITAL STOCK (note 2)		
Authorized		
1,500,000 Non-voting Class A shares without nominal or par value		
1,000 Common shares without nominal or par value		
Issued		
424,600 Class A shares . . . . .	867,000	867,000
1,000 Common shares . . . . .	<u>200</u>	<u>200</u>
	867,200	867,200
RETAINED EARNINGS . . . . .	<u>1,156,212</u>	<u>1,041,081</u>
	<u>2,023,412</u>	<u>1,908,281</u>
	<u>\$2,522,496</u>	<u>\$2,220,734</u>

Approved by the Board

JOHN E. STARK, Director

W. E. BELLMAN, Director

Q BROADCASTING LTD. and subsidiary companies

### **Consolidated Statement of Source and Application of Working Capital**

Year ended August 31, 1974 (with comparative figures for 1973)

	<b>1974</b>	1973
<b>SOURCE OF WORKING CAPITAL</b>		
Net income for the year . . . . .	<b>\$200,251</b>	\$ 87,326
Items not involving working capital		
Depreciation and amortization . . . . .	<b>160,472</b>	157,395
Deferred income taxes . . . . .	<b>(22,862)</b>	(15,126)
	<b>337,861</b>	229,595
 Proceeds from sale of fixed assets, net of gains included in net income . . . . .	 <b>7,580</b>	 30,943
	<b>345,441</b>	260,538
 <b>APPLICATION OF WORKING CAPITAL</b>		
Additions to fixed assets . . . . .	<b>191,892</b>	114,128
Dividends . . . . .	<b>85,120</b>	85,120
Increase in cash surrender value of life insurance . . . . .	<b>353</b>	992
Investment . . . . .	<b>1,000</b>	—
	<b>278,365</b>	200,240
 INCREASE IN WORKING CAPITAL . . . . .	 <b>67,076</b>	 60,298
 WORKING CAPITAL AT BEGINNING OF YEAR . . . . .	 <b>653,178</b>	 592,880
 WORKING CAPITAL AT END OF YEAR . . . . .	 <b>\$720,254</b>	 \$653,178



## Auditors' Report

To the Shareholders of  
Q Broadcasting Ltd.

We have examined the consolidated balance sheet of Q Broadcasting Ltd. and subsidiary companies as at August 31, 1974 and the consolidated statements of income, retained earnings and source and application of working capital for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at August 31, 1974 and the results of their operations and the source and application of their working capital for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Vancouver, B.C.  
October 31, 1974

THORNE, RIDDELL & CO.  
Chartered Accountants

## Notes to Consolidated Financial Statements

Year ended August 31, 1974

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Principles of consolidation

The consolidated financial statements include the accounts of Q Broadcasting Ltd. and its subsidiary companies, all of which are wholly-owned. Active subsidiary companies included in the consolidated financial statements are CKPG Television Ltd. and Radio Station CKPG Ltd.

#### Depreciation and amortization

Depreciation and amortization are provided on a straight-line basis over the estimated useful lives of all depreciable properties.

Excess of cost over book value at date of acquiring shares of subsidiaries is not being amortized because the company does not consider any diminution in value to have occurred.

#### Deferred income taxes

The deferred income tax balance arises from claiming capital cost allowances for income tax purposes in excess of the amount of depreciation provided in the accounts.

### 2. CAPITAL STOCK

The company has established an incentive stock option plan for key employees pursuant to which 20,000 Class A shares have been reserved for allotment. At August 31, 1974 options were outstanding on 5,100 Class A shares exercisable at \$7.50. These options expire on January 6, 1976.

### 3. STATUTORY INFORMATION

Aggregate remuneration of directors and senior officers for the year ended August 31, 1974 amounted to \$161,006 (1973—\$160,705).



**Q Broadcasting Ltd.**

Q BROADCASTING LTD. and subsidiary companies

### **Registered Office**

1134 Burrard Street, Vancouver, B.C.

### **Board of Directors**

W. E. BELLMAN, Chairman, Q Broadcasting Ltd., Vancouver

J. E. STARK, President, Q Broadcasting Ltd., Vancouver

A. B. CLIFF, President, Wescorp Industries Ltd., Vancouver

A. F. TATUM, Retired

I. DAVIDSON, Chief of Planning and Architecture,  
Mobile Oil Estates Ltd., Vancouver

D. DUKE, President, Galanty Ltd., Film Producers

### **Officers**

J. E. STARK, President—Chief Executive Office

M. L. FOISY, Vice-President—Programming (Vancouver)

N. L. HULLAH, Vice-President—Sales (Vancouver)

### **Transfer Agents**

MONTREAL TRUST COMPANY, Vancouver

### **Auditors**

THORNE RIDDELL & CO.

